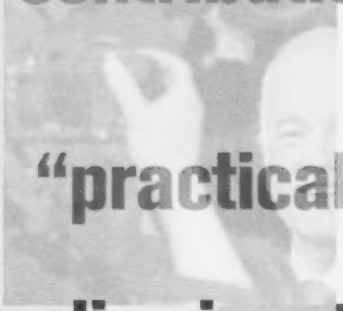
IRPP

2012 ANNUAL REPORT

"excellent contributions"



"practical solutions"

"key policy issues"

"widely read"

"campaign issues"

MISSION

Founded in 1972, the Institute for Research on Public Policy is an independent, national, bilingual, nonprofit organization.

The IRPP seeks to improve public policy in Canada by generating research, providing insight and sparking debate on current and emerging policy issues facing Canadians and their governments.

The Institute's independence is assured by an endowment fund, to which federal and provincial governments and the private sector contributed in the early 1970s.

BOARD OF DIRECTORS

Graham W.S. Scott, Vice-Chair
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Wanda Wuttunee, Winnipeg

FINANCIAL HIGHLIGHTS

Year ended March 31, 2012 (thousands of dollars)

	2012	2011	2010
Operational budget	2,306	2,392	2,385
Expenses	2,229	2,351	2,304
Operational budget over expenses	77	41	81

THE IRPP WISHES TO THANK THE FOLLOWING FOR THEIR SUPPORT:

Barbara McDougall
Barrick Gold Corporation
Earnscliffe Strategy Group
Enbridge Inc.
Energy Policy Institute of Canada
Google
Human Resources and Social Development Canada
Ontario Ministry of Citizenship and Immigration
Wawanesa Insurance

A MESSAGE FROM THE CHAIR OF THE BOARD OF DIRECTORS

As I step down from the IRPP Board after two terms as chair and nearly a decade of involvement with the organization, I want first to express my thanks to the Board for its support and encouragement over the years. It has been a great pleasure to work with this group of distinguished people who volunteer their time and energy in the interests of enhancing public policy research.

I also want to thank the staff of the Institute for continuing to produce high-quality research that addresses issues of the day. An excellent example of the significance of the IRPP's work is the recently released study on Dutch disease, which brings sound and detailed research and analysis to a contentious and potentially divisive current debate.

We are bidding farewell to directors Ann Fitz-Gerald and Wanda Wuttunee, both after eight years of service, and to Martha Piper, who resigned in December of 2011 after four years of service. On behalf of the Board, I wish to thank all three for their invaluable contribution to the Institute.

I would like to extend my sincere congratulations to Graham Fox, who has done a tremendous job in his inaugural year steering the Institute into the next phase of its development. The future of the Institute is clearly in good hands.

The Institute is also gaining three new and distinguished Board members. Lea Hansen is a long-time member of the Institute's Investment Committee and a consultant, who has been involved in the investment industry for more than 30 years. Jock Finlayson is executive vice president of policy at the Business Council of British Columbia and is an astute observer and regular commentator on the issues that are most important to that province. Richard Florizone is a vice-president at the University of Saskatchewan who has had a distinguished career in business and academia.

On behalf of the Board, I would like to congratulate George Lafond on his recent appointment as Treaty Commissioner for Saskatchewan.

Finally, I am so pleased that Graham Scott has agreed to serve as chair of the Institute and that Anne McLellan will act as vice-chair.

With such a distinguished Board and excellent staff I know that the IRPP will continue to flourish, and I will be watching its progress with great interest.

Janice MacKinnon
Saskatoon, June 2012

MESSAGE FROM THE PRESIDENT

For the last 40 years, the Institute for Research on Public Policy (IRPP) has helped shape Canada's most important conversations. Since its creation in April 1972, it has led national debates on free trade and Canada-US relations, tax reform, Canadian federalism, Canadian Arctic sovereignty, democratic reform, daycare and family policy, health care funding, and many other issues of concern to Canadians and their governments. Today, we continue to provide thought leadership on pension reform, care for seniors, the economic and social integration of immigrants, and making our economy more competitive through productivity and innovation.

As we look forward to the policy challenges of the next decade and beyond, it is clear that independent research has never mattered more to the development of sound public policy. As governments grapple with ever more complex issues in an increasingly constrained fiscal framework, the work of organizations like the IRPP will play a critical role in ensuring government decisions are informed and evidence-based.

The IRPP strives to improve public policy decisions by generating analysis and sparking debate on current and emerging policy issues. To do so, we commission and publish independent, peer-reviewed policy research. We bring experts together for symposiums, conferences and other events. And we provide a forum for debate in our flagship publication, *Policy Options* magazine.

It has been an exciting and eventful year for the Institute, and we are proud of the substantive body of work we have produced over the course of the last 12 months. From the future of home care to pension reform, from the social and economic integration of immigrants to the impact of temporary foreign worker programs, from auto-sector bailouts and subsidies to whether Canada suffers from Dutch disease, our research has been an integral part of the most salient public and political debates.

We invite you to visit www.irpp.org to learn more about the Institute's mandate and research programs. You will find our most recent studies and our archived work going back to 1997; you will hear directly from our authors on their research findings and policy recommendations; you can listen to audio recordings of our events; and you can read up on the latest issue or sift through back issues of *Policy Options*.

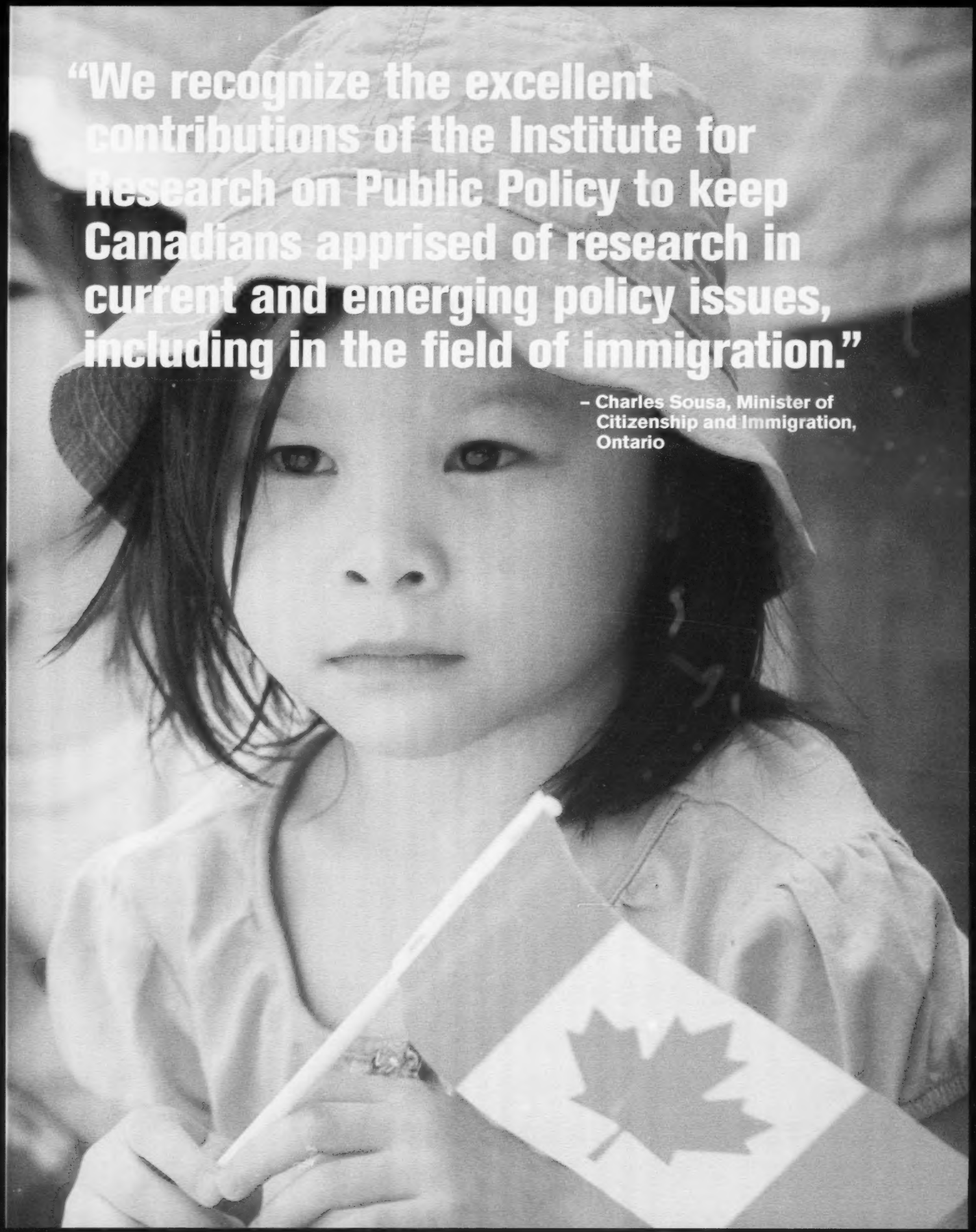
Our efforts were recognized internationally this year when the IRPP was the only Canadian think tank to be ranked among the top 25 global think tanks for policy-oriented research, as compiled by researchers at the University of Pennsylvania.

Also this year we were delighted to showcase our first annual Policy Horizons essay, written by our senior scholar Thomas J. Courchene. Courchene traces the decline of the United States as a superpower as social inequality swept the country in the wake of the financial crisis, and he examines its future economic prospects. To engage with partners south of the border, we hosted a panel discussion on the US debt crisis together with the Urban Institute, at its offices in Washington. In our nation's capital, Courchene delivered the 9th annual Elizabeth Killam Rodgers and Constance Killam Distinguished Public Lecture on the topic of his Policy Horizons essay at the Department of Foreign Affairs and International Trade.

On the staffing front, it is with regret that we bid farewell to long-time research director Sarah Fortin, and we thank her most sincerely for her significant contribution to our research programs and to *Policy Options* magazine, of which she was associate editor. In turn, it is with great pleasure that we welcome Nicole F. Bernier, who will direct the Faces of Aging research program. She holds a doctorate in political science and specializes in health and social policies. For over 20 years she has had a keen interest in Canadian and Quebec public policy, working as a university researcher and teacher, and as a journalist. We also welcome Tyler Meredith as research director of the Faces of Aging program in pension reform, and also of labour market policy and international trade. He brings eight years of public policy experience advising organizations and senior leaders from all three orders of government, as well as in the broader public sector and the nonprofit community. Lastly, we offer our thanks and best wishes to outgoing administrative assistant Georgia Kotsakis, and to her replacement Liz Culley.

Now one year into my mandate as president, I have a renewed appreciation for the unique role the Institute plays in the constellation of Canadian public policy organizations. The IRPP is one of Canada's premier resources for evidence-based, independent policy research, insights and perspectives, and it is my sincere hope that our work will continue to inform policy decisions for many years to come.

Graham Fox
Montreal, June 2012


"We recognize the excellent contributions of the Institute for Research on Public Policy to keep Canadians apprised of research in current and emerging policy issues, including in the field of immigration."
– Charles Sousa, Minister of Citizenship and Immigration, Ontario

DIVERSITY, IMMIGRATION AND INTEGRATION

Research Director: F. Leslie Seidle

The Diversity, Immigration and Integration research program focuses on the economic and social integration of newcomers to Canada and the related policies. As immigration becomes the primary source of labour force and population growth, it is important to better understand the factors that have led to the deterioration of immigrant labour market outcomes in the past two decades and the economic and social barriers newcomers face.

The current research agenda focuses on the following themes:

- balancing the short- and long-term objectives of immigration policy;
- assessing the growing role of temporary foreign worker programs; and
- understanding the factors at play in immigrant social integration.

As the number of immigrants admitted under the skilled-worker program continues to decline and concerns are being raised about the slow pace at which immigrants are integrating into the Canadian labour force, IRPP authors Michael Abbott and Charles Beach argue that immigration policy should continue to favour skilled workers. While they find evidence that, overall, newcomers' economic outcomes are negatively affected by recessions and business cycles, skilled workers consistently have the highest median annual earnings when compared with other categories of immigrants.

While the debate over the need for immigrants in the labour market wages on, Jeffrey Reitz's review of public opinion surveys conducted over time indicates that a majority of Canadians continue to support high levels of immigration. Research Director Leslie Seidle presented the study's findings at an IRPP luncheon in Montreal that was attended by a wide array of stakeholders, including the Commission des droits de la personne et de la jeunesse; officials from Citizenship and Immigration Canada and from the Ministère de l'éducation et du sport; as well as academics from various universities in Montreal, representatives of many multicultural organizations, and several well known journalists.

This year the Institute has also focused attention on the growing prevalence of temporary migrant workers in communities across Canada. In the first of a series of studies on temporary foreign worker programs, Jenna Hennebry argues that there is much that can and should be done to improve the social and economic conditions of migrant workers who, in most cases, return to Canada year after year. Her case study of agricultural labour migrants in Ontario received considerable interest and media coverage across the country, particularly following a tragic incident in February involving some of these workers, which raised public awareness of these important issues. Hennebry presented her findings at the 14th annual Metropolis conference, as part of a panel on Canada's temporary migrants convened and chaired by Leslie Seidle. Also on the panel were Luin Goldring and Patricia Landolt, who discussed their research for a forthcoming IRPP study on the longer-term implications of precarious migratory status for immigrant integration in Canada.

Earlier in the year Leslie Seidle was invited to present an overview of IRPP research on immigration issues at a round table in Berlin organized by the Canadian embassy. Closer to home, in our offices in Montreal, the IRPP was proud to host a round table with Tariq Ramadan on Islam and immigration in Western countries. The IRPP also had private briefings with senior officials at Citizenship and Immigration Canada to discuss the Institute's upcoming research.

Emerging themes

The civic and political integration of immigrants is linked to and can enable their social and economic integration. In the future, the IRPP will be exploring the connections between these aspects of integration, through topics such as

- the role of mono-ethnic and other organizations in civic involvement;
- intercultural dialogue through nongovernmental organizations;
- the involvement of immigrant-background youth in Canada's civic and political life;
- recent changes to the naturalization process; and
- the representation of visible minorities on elected bodies.

PUBLICATIONS

Permanently Temporary? Agricultural Migrant Workers and Their Integration in Canada
Jenna L. Hennebry
(February 2012)

Do Admission Criteria and Economic Recessions Affect Immigrant Earnings?
Michael G. Abbott and Charles M. Beach
(November 2011)

Pro-immigration Canada: Social and Economic Roots of Popular Views
Jeffrey Reitz
(October 2011)

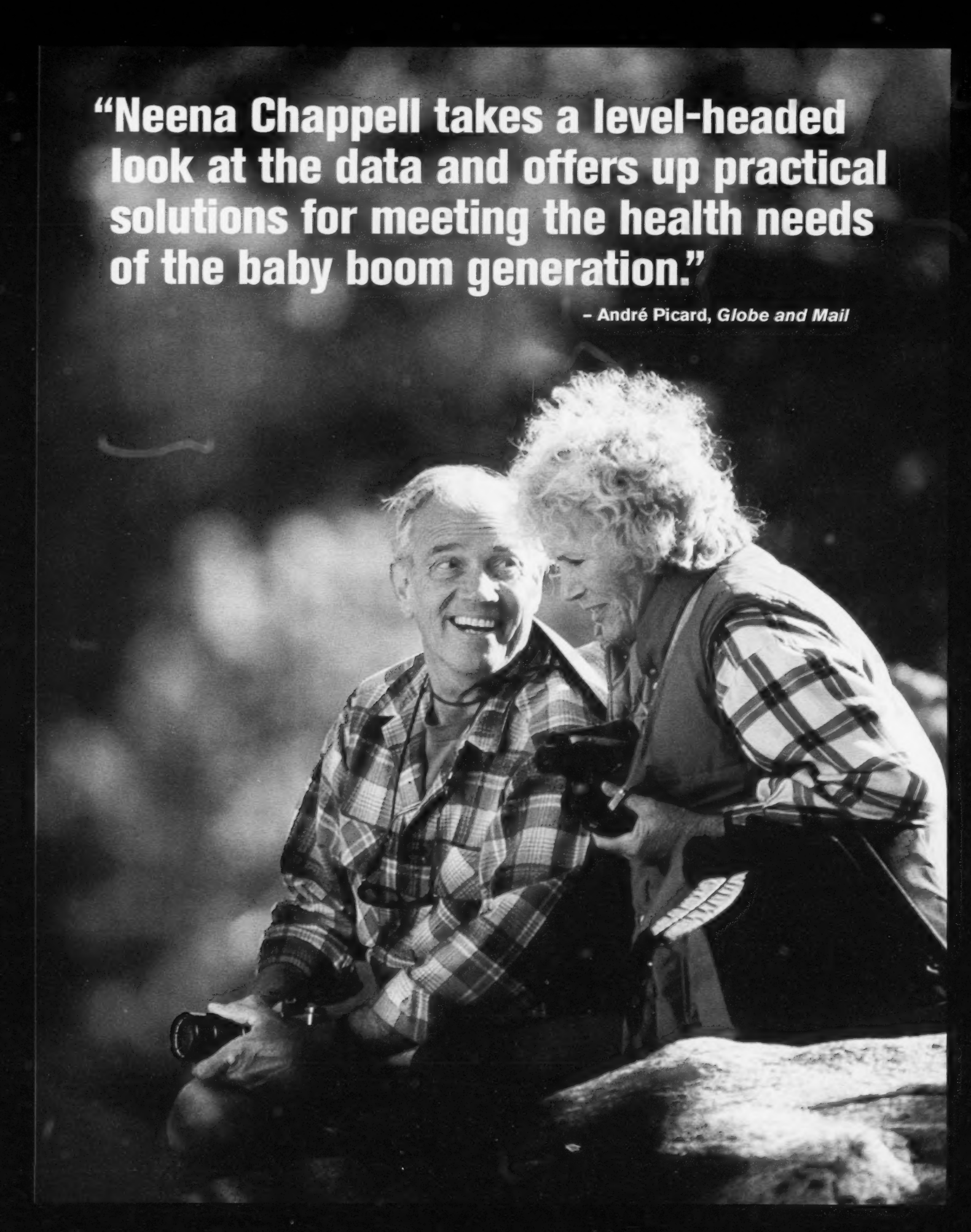
EVENTS

Workshop: "Canada's Temporary Migrants: Social Integration Challenges and Policy Implications"
(14th annual Metropolis conference)
March 1, 2012, Vancouver
Panellists: Leslie Seidle, Luin Goldring, Patricia Landolt, Jenna Hennebry

Working Lunch: "L'immigration et les accommodements culturels: où en sont les Québécois?"
December 5, 2011, Montreal
Panellists: Leslie Seidle, Fo Niemi

Round table: "All Immigration Is Local"
November 17, 2011, Montreal
Keynote speaker: Michael Jones-Correa

Round table: "L'islam et les débats sur l'immigration dans les pays occidentaux"
September 8, 2011, Montreal
Keynote speaker: Tariq Ramadan


"Neena Chappell takes a level-headed look at the data and offers up practical solutions for meeting the health needs of the baby boom generation."
– André Picard, *Globe and Mail*

FACES OF AGING

Research Directors: Nicole F. Bernier and Tyler Meredith

The aging of Canada's population will present a host of complex social and economic policy challenges for governments at all levels over the next few decades. The Faces of Aging program examines this demographic phenomenon and its implications for public policy and society at large. The current research agenda focuses on the following themes:

- retirement income adequacy and pension reform;
- financing and delivery of health and social care;
- the social and economic implications of caregiving;
- labour market transitions and adjustment; and
- reframing labour market policy for an aging workforce.

Canada's three-tier retirement income system has until recently provided satisfactory pension income for a large number of retirees, and it has dramatically reduced poverty among seniors. However, with the dwindling availability of workplace pensions and poor performance of financial markets, there is increasing pressure for reform. The Institute's work on pensions and retirement income continues to inform this debate as it evolves.

Based on detailed projections of future retirement income, Michael Wolfson's study reveals that many of today's middle-income earners are likely to experience a substantial decline in their standard of living once they retire. Keith Horner looks at the pros and cons of various proposals for pension reform, and concludes that a modest expansion of the Canada Pension Plan would be the best option for maintaining the standard of living of middle-income Canadians in retirement. The study's findings continue to be cited in the media, and the study has been downloaded an impressive 42,000 times to date.

Prime Minister Stephen Harper's comments on raising the age of eligibility for Old Age Security (OAS) in a speech to the World Economic Forum in Davos this year sparked controversy and renewed the debate on the sustainability of our public pension system. IRPP Research Director Tyler Meredith was invited to comment in several media outlets on proposed changes to the OAS and the state of pension reform. He also participated in a one-hour live-streamed online discussion broadcast by iPolitics.ca in Ottawa in February, along with Peter DeVries, formerly of the federal finance department, and Jason Clemens of the Macdonald-Laurier Institute.

While pensions remain a pressing policy challenge for federal and provincial governments, the Institute also turned its attention to another major demographic challenge, seniors' care. As part of a series of IRPP studies on this topic, Neena Chappell examines the main health and social policy challenges raised by population aging in terms of formal and informal care. She concludes that there needs to be a comprehensive home care system. The study, which has been downloaded nearly 18,000 times since its release in October, drew much attention from the editorial boards of regional dailies like the *Ottawa Citizen* and the *Vancouver Sun*. The *Globe and Mail*'s health reporter André Picard called it "A thoughtful new report." Also in this series, Janice Keefe presents a compelling case that the Canadian governments need to provide more financial support and better services for caregivers. Her study made headlines across the country and was frequently cited by stakeholders such as the Canadian Association of Retired Persons.

As pressures continue to mount as a result of an aging population and provincial governments with limited means, Harvey Lazar's comprehensive analysis of the federal government's role in care for seniors provides an authoritative reference for experts in the field. Lazar argues that there are many ways Ottawa can help address the growing and underfunded care needs of seniors without undermining the leadership role of the provinces in health care and social services.

Emerging themes

As the IRPP moves into the next phase of its work on the policy implications of population aging, it will begin to explore the normative, ethical and legal challenges associated with dependency and the end of life. At present, there are many elder law issues that need clarification, and in coming years Canada's judicial system is expected to see an increase in legal rights cases and greater public scrutiny. Elder neglect and abuse, guardianship, ageism, living wills and filial obligations are some of the issues that will be examined.

In addition to continuing to work on pension reform and the future of the retirement income system, the Institute will examine the broader policy implications of workforce aging through issues such as the participation of groups who are underrepresented in the labour force; the transition between work and retirement; and the intergenerational, regional and sectoral implications for the Canadian economy

PUBLICATIONS

Pooled Target Benefit Pension Plans: Building on PRPPs
Robert L. Brown and Tyler Meredith
(March 2012)

Many Degrees of Policy Freedom: The Federal Government's Role in Care for Seniors
Harvey Lazar
(November 2011)

Supporting Caregivers and Caregiving in an Aging Canada
Janice Keefe (November 2011)

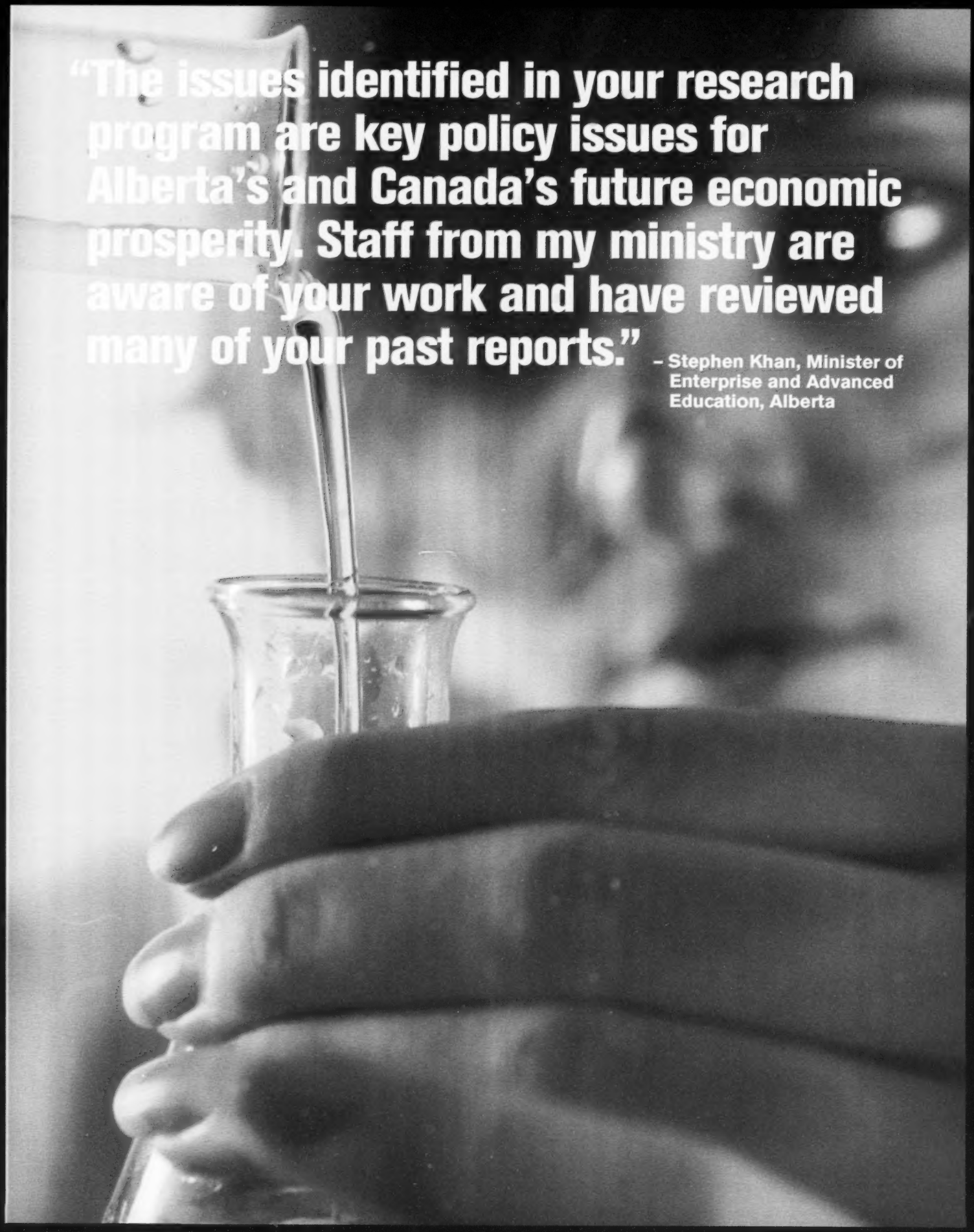
Population Aging and the Evolving Care Needs of Older Canadians: An Overview of the Policy Challenges
Neena Chappell
(October 2011)

A New Pension Plan for Canadians: Assessing the Options
Keith Horner (July 2011)

Projecting the Adequacy of Canadians' Retirement Incomes: Current Prospects and Possible Reform Options
Michael Wolfson (April 2011)

EVENT

Working Lunch: "La qualité des soins de longue durée dans les résidences pour aînés"
May 31, 2011, Montreal
Panellists: Margaret McGregor, Michèle Charpentier, Liette St-Hilaire


"The issues identified in your research program are key policy issues for Alberta's and Canada's future economic prosperity. Staff from my ministry are aware of your work and have reviewed many of your past reports."
– Stephen Khan, Minister of Enterprise and Advanced Education, Alberta

COMPETITIVENESS, PRODUCTIVITY AND ECONOMIC GROWTH

Research Directors: Jeremy Leonard and Tyler Meredith

Economic policy issues have moved front and centre in the wake of the global recession. The Competitiveness, Productivity and Economic Growth research program examines how Canada can foster and sustain the economic growth that is essential for improving the well-being of Canadians, and also provides the resources needed to address other policy challenges. The current research agenda focuses on the following themes:

- the roles played by risk capital, university-industry technology transfer and government support for business R&D;
- Canada's position in global value chains and prospects for trade diversification; and
- competition policy, barriers to entry and foreign direct investment rules.

As the Supreme Court of Canada was ruling on the constitutionality of establishing a single national securities regulator to replace the existing provincial system, IRPP author Pierre Lortie examined the economic arguments put forward by proponents of a single regulator, and argued that the needs and interests of Canadians would not be better served by this reform. Two events were held in conjunction with the release of the study, the first in Montreal and the second in Toronto. Thomas Hockin, who chaired the 2009 expert panel that recommended a national securities regulator, and who also wrote the commentary that accompanied the study, was one of the panellists at the Toronto event. The audience, which included officials from Finance Canada, Ontario MLAs, representatives of RBC Dexia, the Mutual Fund Dealers Association, the Canadian Securities Transition Office, as well as many academics, contributed to the rich and animated debate.

Another controversial study released this spring was that by Leslie Shiell and Robin Sommerville, who explore whether there is an economic case for bailouts and subsidies in the automotive sector. The authors argue that while the one-time bailout of GM Canada and Chrysler Canada in 2009 was warranted, ongoing subsidies to the auto sector should be reassessed and subjected to certain conditions, especially in times of fiscal restraint. The authors presented the findings of their study at a luncheon in Toronto. Co-panellist Jim Stanford of the Canadian Auto Workers Union, who wrote the commentary that accompanied the study, disagreed vigorously with Shiell and Sommerville's proposition that wage concessions should be a precondition for auto subsidies. The study, which generated headlines in the national press, effectively shifted the debate away from the necessity of the 2009 bailout, to focus on the larger issue of the role of government subsidies in preventing future industry contractions. Published on the heels of the Drummond Commission's report on the future of Ontario's public services, which recommended eliminating many of the provincial government's business subsidies and tax-credits, the study is an important marker for how governments should think about the economic impact of industrial policy.

In the fall, IRPP President Graham Fox and Research Director Jeremy Leonard participated in a live-streamed discussion broadcast by iPolitics.ca on what can be done to stimulate innovation and entrepreneurship in Canada. They and the other panellists, Tyler Chamberlain (University of Ottawa), Martin Lavoie (Canadian Manufacturers and Exporters), and Bruce Good (Conference Board of Canada), shared their perspectives on this issue, a perennial challenge for the Canadian economy. As Someshwar Rao points out in his review of the research evidence on the linkages between innovation and productivity, the factors at play are so complex and rapidly evolving that policy-makers must look beyond the traditional policy levers to create a more conducive environment to foster those linkages. Jeremy Leonard was also invited to discuss innovation and R&D policy development at the University of Toronto's Rotman School of Management in front of a crowd of over 100 business executives and senior policy-makers.

Emerging themes

Robust demand for energy in developing markets means that Canada's energy sector will continue to gain importance in the coming years, with potentially significant long-term implications for innovation, manufacturing competitiveness and national economic growth. The IRPP will be examining the challenges of productivity and innovation facing the Canadian energy sector, and how the sector can best contribute to domestic prosperity and economic competitiveness in global markets. We have already begun contributing to this debate through our participation in the Halifax Energy Dialogue, organized by the Winnipeg Consensus Group, of which we are an active member.

PUBLICATIONS

Bailouts and Subsidies: The Economics of Assisting the Automotive Sector in Canada
Leslie Shiell and Robin Somerville, with a commentary by Jim Stanford (March 2012)

Cracking Canada's Productivity Conundrum
Someshwar Rao (November 2011)

Securities Regulation in Canada: The Case for Effectiveness
Pierre Lortie, with a commentary by Thomas Hockin (October 2011)

Rekindling the American Dream: A Northern Perspective
Thomas J. Courchene, IRPP Policy Horizons Essay (May 2011)

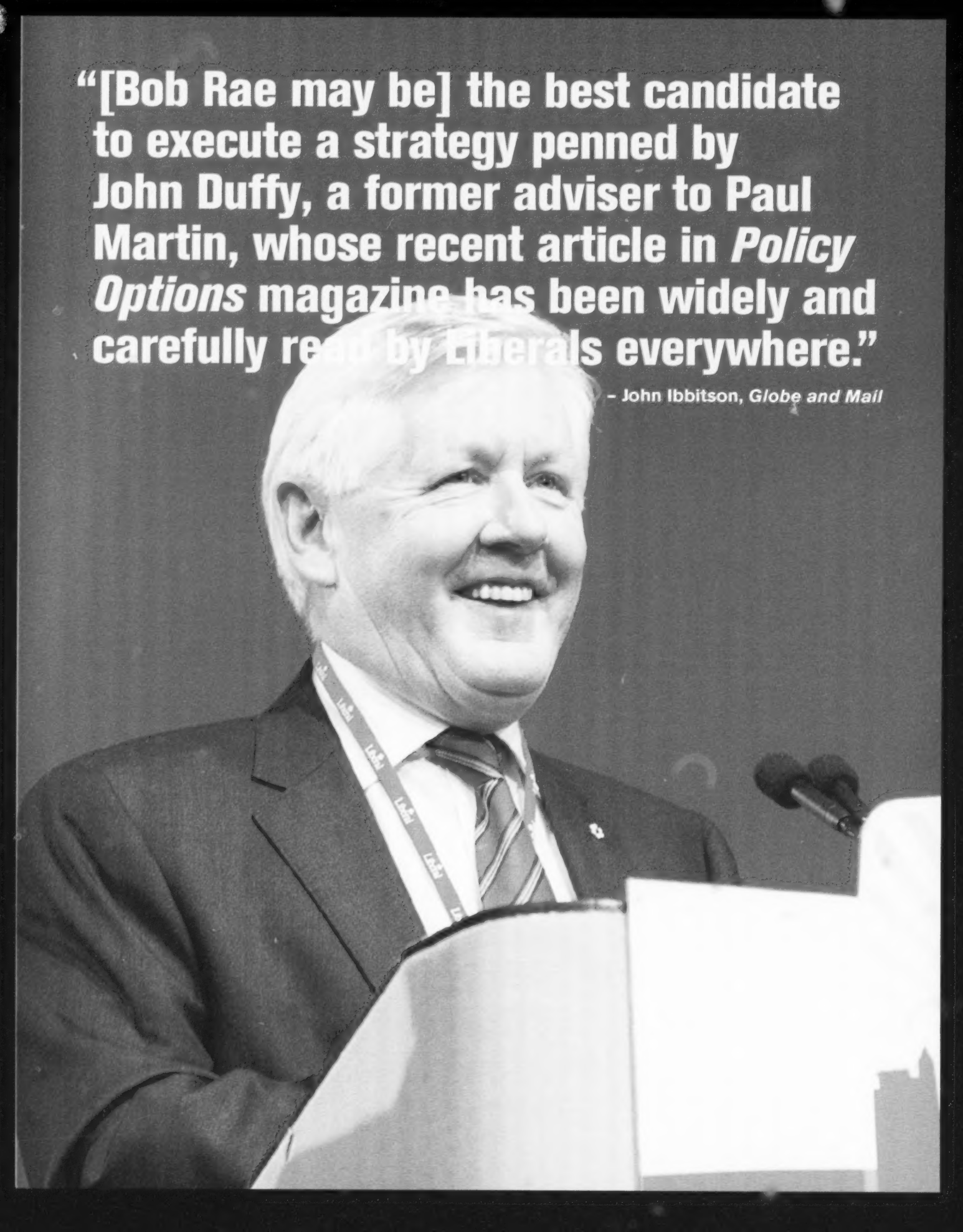
EVENTS

Working Lunch: "Industry Subsidies in the Wake of the Drummond Report: The Case of the Auto Sector"
March 21, 2012, Toronto
Panellists: Leslie Shiell, Jim Stanford, Robin Somerville

Seminar: "Fixing US Budget Policy: What Can the United States Learn from Canada?"
October 27, 2011, Washington, DC
Panellists: Thomas J. Courchene, Jeremy Leonard, Chris Edwards, Paul Posner, Rudy Penner

Working Lunch: "Securities Regulation in Canada: The Case for Effectiveness"
October 17, 2011, Toronto
Panellists: Pierre Lortie, Thomas Hockin, Jeffrey MacIntosh, Ermano Pascutto

Working Lunch: "Securities Regulation in Canada: The Case for Effectiveness"
October 13, 2011, Montreal
Panellists: Pierre Lortie, Stéphane Rousseau, Norma Kokhaya


"[Bob Rae may be] the best candidate to execute a strategy penned by John Duffy, a former adviser to Paul Martin, whose recent article in *Policy Options* magazine has been widely and carefully read by Liberals everywhere."
– John Ibbitson, *Globe and Mail*

POLICY OPTIONS

Editor: L. Ian MacDonald

The IRPP's flagship publication, *Policy Options*, continues to play a prominent role in public policy discourse in Canada. Published 10 times per year, the magazine acts as a forum for thoughtful commentary on the issues that dominate our governments' agendas.

In addition to being sent to subscribers and disseminated among on-line readers, the magazine is distributed in Air Canada Maple Leaf Lounges, the House of Commons, the Senate, the Ottawa Press Gallery, the National Assembly of Quebec, the Quebec Press Gallery, the Legislative Assembly of Alberta, as well as to federal deputy ministers.

The June/July double-issue on the 2011 federal election made waves in the media and was an instant best seller, with over 56,000 Web article downloads to date. The articles were the subject of a dozen op-eds and a score of columns in newspapers across Canada. Feedback about the issue from the magazine's readership has been overwhelmingly positive. The luncheon event held in conjunction with the issue was a major success, and the 160 participants included a number of ambassadors, high commissioners, over a dozen journalists, deputy ministers and other officials from various federal government departments such as Human Resources and Skills Development Canada, Health Canada and Public Works Canada. There were also representatives of companies such as Bombardier, Enbridge, CIBC and Rx&D.

The September issue, "Innovation Nation," was based on a conference organized jointly by BMO Financial Group and the IRPP, and hosted by the Perimeter Institute in Waterloo, Ontario. The participants explored the causes and effects of Canada's innovation gap. The event was attended by Finance Minister Jim Flaherty, RIM CEO Mike Lazaridus, member of Parliament Gary Goodyear, OpenText Executive Chair Tom Jenkins and others, and was broadcast live by TVO.

In late fall, the IRPP hosted a panel discussion on current and emerging Canada-US border issues with John Higginbotham, Lloyd McCoomb and Nik Nanos, contributors to the magazine's *Dossier*, "The Border."

For the fifth year in a row our end-of-year "Mood of Canada" poll, conducted by Nanos Research and published in the November issue, was the subject of news stories in the *National Post*, the *Globe and Mail*, and Sunmedia newspapers in Ontario. Equally well received were the results of the poll released in the February issue on Canadians' attitudes toward energy, with over two dozen news stories in major daily newspapers appearing from coast to coast.

Our congratulations go to Alexander Wilkinson from the University of Ottawa and Julia Lurye from the University of Western Ontario, the winner and runner-up in this year's Constitutional Affairs Essay competition for law students (organized by the IRPP, with the support of Norton Rose and the Canadian Constitutional Affairs Conference). Their essays, on senate reform and securities regulation, respectively, were published in the November issue.

On a more somber note, it was with great sadness that the Institute marked the passing in November of Tom Kent, our Founding Editor. A renowned journalist and public policy analyst, he served as editor of the magazine for eight years, from 1979 to 1987. While the magazine was originally established as a quarterly, Kent began publishing 10 issues per year, the model that prevails to this day.

EVENTS

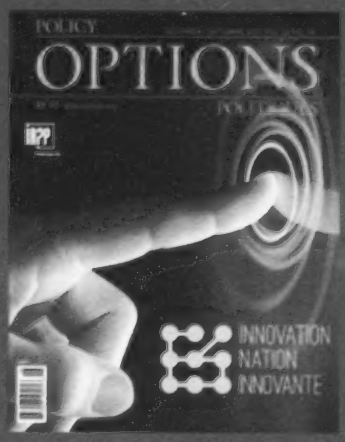
Policy Options Luncheon:
"Sustainable Energy"
February 16, 2012, Calgary
Panellists: Velma McColl, David Emerson

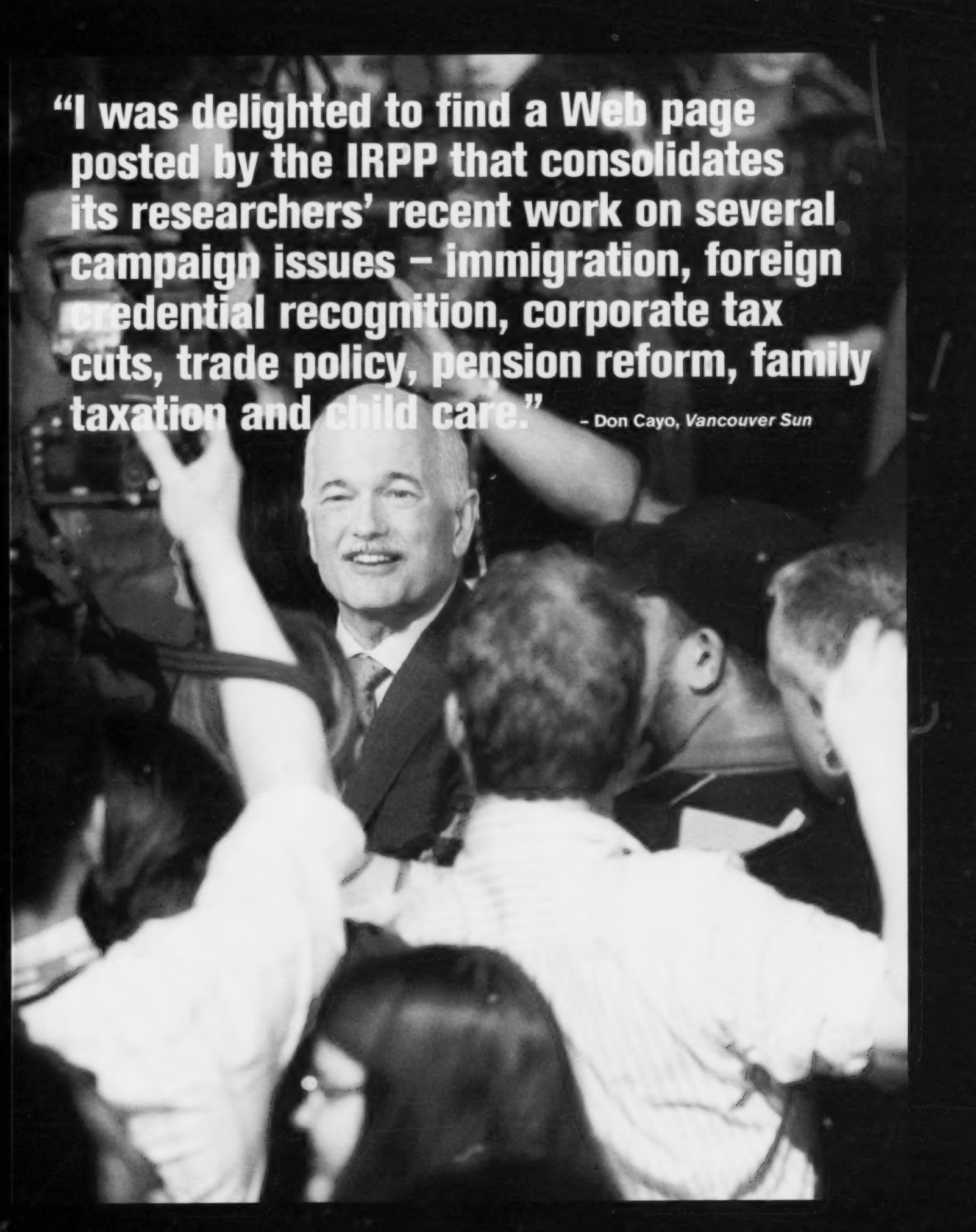
Policy Options Luncheon:
"The Year in Review"
December 12, 2011, Toronto
Panellists: Nik Nanos, Robin Sears, Catherine Cano

Policy Options Luncheon:
"The Border"
November 21, 2011, Ottawa
Panellists: John Higginbotham, Lloyd McCoomb, Nik Nanos

Conference: "Innovation Nation"
Organized by BMO Financial Group and *Policy Options*
September 16, 2011, Waterloo
Panellists: Jim Flaherty, Mike Lazaridus, Gary Goodyear, Tom Jenkins

Policy Options Luncheon:
"After the Election: The Way Ahead"
June 7, 2011, Ottawa
Panellists: Nik Nanos, Brad Lavigne, Charles McMillan




"I was delighted to find a Web page posted by the IRPP that consolidates its researchers' recent work on several campaign issues – immigration, foreign credential recognition, corporate tax cuts, trade policy, pension reform, family taxation and child care."
– Don Cayo, *Vancouver Sun*

COMMUNICATIONS AND OUTREACH

Communications Director: Kate Shingler
Media Relations Liaison and
Web Editor: Nicola Johnston

The year 2011 was yet another successful one with regards to media coverage of the IRPP's activities. There were over 1,100 mentions of the Institute and its work in national, regional and local newspapers, as well as in radio and television broadcasts across the country, in the last 12 months. Media coverage of new IRPP releases consistently runs from coast to coast, in French and in English. Several of our studies have been quoted by Canada's best known political columnists, and they have been the subjects of lead editorials in the national newspapers as well as the major dailies in all regions. IRPP authors and contributors have been published in opinion pages across Canada and have been seen and heard on Canada's major current affairs programs. In all of our areas of research, the IRPP has established itself among journalists as a reputable source of evidence-based research and analysis.

The Institute has also successfully highlighted its past research to inform current debates using an online media advisory, "In the Spotlight." As a result, many of our past studies continue to be the topics of print and broadcast news stories, columns, editorials and op-eds across the country. This is certainly a good indication that our work in key policy areas remains salient to current public debates well past our publications' release dates.

This year for the first time the Institute is pleased to be partnering with the online news site iPolitics.ca on a series of public policy Webcasts. iPolitics serves as a convenor for panel discussions among experts on a broad range of public policy issues that are currently on the Institute's research agenda, such as business subsidies, public pensions, innovation and productivity. Each session is Webcast live and is also available as an archived video on the iPolitics Web site.

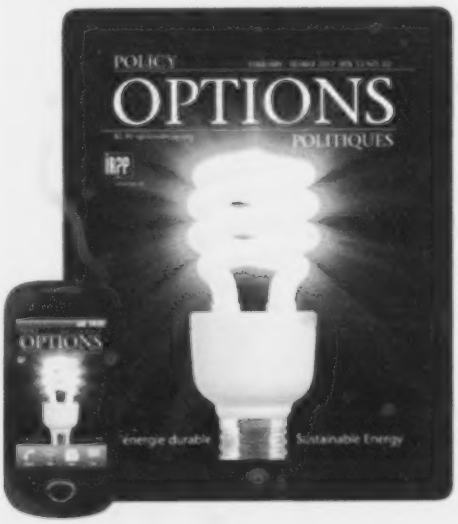
During the spring federal election campaign, the IRPP put together a "2011 Election Portfolio" to showcase all of the research produced by the Institute that was relevant to the policies and platforms put out by the four main parties during the campaign.

In addition to relying on various media and communications channels, the IRPP makes a concerted effort to disseminate its research findings widely among decision-makers. Each study is sent to elected officials, senior public servants, experts and other stakeholders who have an interest in specific research areas. After elections, the IRPP communicates directly with new members of cabinet, Opposition critics and legislative committees, to better acquaint them with the Institute and its research. The IRPP is also constantly in contact with senior government officials to ensure, in the planning stage, that its research is timely and relevant.

As well the Institute acts as a convenor of policy debates. On many occasions throughout the year we brought leaders from all sectors together in small groups to discuss informally and exchange views on a variety of topics such as innovation, lifelong learning, Islam and the West, the political landscape in Quebec, the economic integration of immigrants, the economic prospects for Canada's provinces, and the impact of fiscal federalism.

This year for the second time we were delighted to host students from the European Union in our offices in Montreal on their Canada/European Union study tour, organized by the European Network for Canadian Studies. Research directors and IRPP President Graham Fox and Vice-President France St-Hilaire held a half-day policy briefing for the group.

Finally, the IRPP's communications and outreach team is pleased to announce that *Policy Options* is now available in digital form. It can now be read on iPads, iPhones, Android devices, Macs and PCs.



REPORT OF THE INVESTMENT COMMITTEE

Chair: Ian D. Clark
Members: Hugh Cleland, Lea Hansen, Michael Koerner, Barbara McDougall, Jacques Ménard and Alfred Wirth

The objective of the IRPP's Endowment Fund is to support the work of the Institute. The Investment Committee seeks to maintain the real value of the Fund after inflation while supporting the current operating budget, so that it can continue to provide financial support to the Institute in future years. The role of the Investment Committee is to consider the appropriate asset mix of the Endowment, to recommend external investment managers and hold them to account for their performance in meeting their objectives, and to advise the Board on the Institute's investment strategy.

The Committee and the Board have always recognized that there may be potentially competing objectives in maintaining the operations of the Institute and protecting the value of the fund. In 1987 the Board of Directors decided that rather than using the actual income generated by the Fund in any one year, the Institute would withdraw an amount equal to 5 percent of the average of the last three years' capital value of the Fund, measured at the fiscal year end. A three-year average was used to smooth the impact of changes in the market value of the fund and increase the predictability of the withdrawal. That amount was raised to 5.5 percent for 1997-2000, and 6 percent for 2005-07).

Like most other funds of this nature, the IRPP Endowment Fund was significantly affected by the financial crisis that began in the fall of 2008. It is in this context that in 2009 the Investment Committee undertook, at the Board's request, a review of the sustainability of the 5 percent rate of draw on the endowment. This resulted in the Board of Directors deciding in December 2009 to gradually reduce the rate of draw to 4.75 percent for fiscal years 2010-11 and 2011-12, then reduce by another 25 basis points per year until it falls to 4 percent by 2014-15.

The modified Yale Formula was selected for the spending policy, as it further reduces the transmission of portfolio volatility onto the amount released annually from the Endowment. This formula consists of taking 80 percent of the allowable spending in the prior fiscal year, increased by the rate of inflation, as measured by the Consumer Price Index for the previous year, and 20 percent of the long-term spending rate applied to the four-quarter market average of the endowment, for the period ending December 31 prior to the start of the fiscal year.

Using this formula, the money available from the Fund for fiscal year 2011-12 amounted to $1,841,070, a decrease of approximately $15,949 from the transfer generated the previous year. During the fiscal year, realized capital losses amounted to $1,519,703, and dividend and interest income amounted to $1,123,600.

Over the years, the Investment Committee has taken several measures to ensure the optimal management of the Fund. In parallel with the Board process of determining the appropriate rate of draw, the Committee embarked in 2011 on the rigorous process of making explicit and documenting "investment beliefs" to ensure the policy directives and investment decisions that flow from it accurately reflect the beliefs of committee members.

As a result of this exercise, the following recommendation was made to, and approved by, the Board in December 2011: That the IRPP Investment Policy Statement be revised to allow for up to 80 percent of the fund in equities – up from the current allocation of 60 percent – including up to 10 percent in alternative investments; for example, inflation-hedged investments such as commodities. As before, this directive to reach this maximum is intended only as a message that the Board is prepared to increase the portfolio risk exposure to improve the portfolio return potential.

Also in 2011, the Committee examined the mix of investment managers serving the fund and their investment philosophies, decision-making processes, and performance relative to a benchmark. Consequently, the decision was made to terminate the mandates of McLean Budden and Artio Global. The funds managed by both were invested in exchange traded funds during the transition to new managers.

The Fund's combined market value, including other net assets, amounted to $34,404,126 as of March 31, 2012. Its asset mix is reported in the first table on the next page.

The second table reports our managers' performance relative to the benchmark in the previous year and in the past four years, where applicable.

With significant change in the structure of the Endowment Fund behind us, the Committee expects to settle on one or two external investment managers that will fulfill the needs of the fund in the longer term.

Total Portfolio		Exchange Traded Funds Funds formerly managed by Artio Global and Mclean Budden		Beutel Goodman	
31/3/12		31/3/12	31/3/11	31/3/12	31/3/11
$34,404,126	Market Value	$16,960,410	$18,258,388	$17,443,716	$18,299796
	Asset Mix				
1.1%	Cash and equivalent	0.1%	N/A	1.9%	0.7%
34.4%	Fixed income	31.8%	N/A	37.0%	36.9%
32.2%	Canadian equities	23.7%	N/A	40.4%	42.7%
22.9%	US equities	25.2%	N/A	20.7%	19.7%
9.4%	Non-North American equities	19.2%	N/A		
64.5%	Total equities	68.1%	N/A	61.1%	62.4%

Periods ended	31/3/12	31/3/11	31/3/10	31/3/09
Annual return				
Beutel Goodman	2.7%	11.7%	22.9%	-11.8%
McLean Budden	N/A	10.4%	17.3%	-10.0%
Benchmark	4.1%	10.8%	18.8%	-13.0%
Artio Global	N/A	5.5%	18.7%	-13.6%
Benchmark (MSCI ACWI ex-US)	N/A	8.5%	29.8%	-9.0%
4-year return (annualized)				
Beutel Goodman	5.6%	3.8%	3.1%	0.5%
McLean Budden	N/A	3.7%	3.5%	1.9%
Benchmark	4.6%	3.7%	3.2%	2.0%

INDEPENDENT AUDITOR'S REPORT

To the Directors of
the Institute for Research on Public Policy

We have audited the accompanying financial statements of the Institute for Research on Public Policy, which comprise the balance sheet as at March 31, 2012, the statements of earnings, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted Canadian accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted Canadian auditing standards. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Institute for Research in Public Policy as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted Canadian accounting principles.

Raymond Chabot Grant Thornton LLP[1]

Montréal
June 5, 2012

[1] CPA auditor, CA public accountancy permit no. A110569

Raymond Chabot
Grant Thornton

EARNINGS

Year ended March 31, 2012

(In thousands of dollars)

	2012	2011
	$	$
Revenues		
Net investment income	**(66)**	3,556
Other revenues		
Policy Options magazine	**24**	32
Policy Options advertising	**165**	122
Other publications	**26**	26
Contributions	**98**	274
Other		9
	313	463
Expenses		
General research and support services	**1,653**	1,813
Policy Options magazine	**519**	472
Other publications	**41**	46
Investment management and custodial fees	**185**	213
Interest	**8**	8
Amortization of capital assets	**15**	12
	2,421	2,564
Deficiency of revenues over expenses before net investment income	**(2,108)**	(2,101)
Excess (deficiency) of revenues over expenses	**(2,174)**	1,455

The accompanying notes are an integral part of the financial statements.

CHANGES IN NET ASSETS

Year ended March 31, 2012

(In thousands of dollars)

				2012	2011
				$	$
	Restricted for the financing of operating activities (Note 3)	Invested in capital assets	Unrestricted	Total	Total
	$	$	$	$	$
Balance, beginning of year	36,422	24	173	36,619	35,164
Excess (deficiency) of revenues over expenses		(13)	(2,161)	(2,174)	1,455
Invested in capital assets		12	(12)		
Obligation under a capital lease		11	(11)		
Transfer (Note 4)	(2,092)		2,092		
Balance, end of year	34,330	34	81	34,445	36,619

The accompanying notes are an integral part of the financial statements.

CASH FLOWS

Year ended March 31, 2012
(In thousands of dollars)

	2012	2011
	$	$
Operating Activities		
Excess (deficiency) of revenues over expenses	**(2,174)**	1,455
Noncash items		
Fair value of investments	**(330)**	(2,123)
Loss (gain) on disposal of investments	**1,520**	(214)
Amortization of capital assets	**15**	12
Changes in working capital items (Note 5)	**45**	(54)
Net cash used	**(924)**	(924)
Investing Activities		
Investments	**(24,903)**	(10,037)
Disposal of investments	**26,033**	10,933
Capital assets	**(12)**	(16)
Repayment of obligation under a capital lease	**(2)**	
Net cash generated	**1,116**	880
Increase (decrease) in cash	**192**	(44)
Cash, beginning of year	**56**	100
Cash, end of year	**248**	56

The accompanying notes are an integral part of the financial statements.

BALANCE SHEET

March 31, 2012
(In thousands of dollars)

	2012	2011
	$	$
Assets		
Current assets		
Cash	**248**	56
Accounts receivable (Note 6)	**214**	244
Prepaid expenses	**30**	21
	492	321
Investments (Note 7)	**34,229**	36,549
Capital assets (Note 8)	**34**	24
	34,755	36,894
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**100**	117
Subscription and advertising revenue collected in advance	**53**	50
Deferred contributions (Note 10)	**146**	108
Current portion of obligation under a capital lease 2	**2**	
	301	275
Obligation under a capital lease (Note 11)	**9**	
	310	275
Net Assets		
Restricted for the financing of operating activities	**34,330**	36,422
Invested in capital assets	**34**	24
Unrestricted	**81**	173
	34,445	36,619
	34,755	36,894

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

(In thousands of dollars)

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Institute for Research on Public Policy is incorporated under Part II of the *Canada Corporations Act*. Its mission is to improve public policy in Canada by generating research, providing insight and sparking debate that will contribute to the public policy decision-making process and strengthen the quality of the public policy decisions made by Canadian governments, citizens, institutions and organizations. It is a registered charity under the *Income Tax Act*.

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements are prepared using the historical cost method, except for certain financial instruments that are recognized at fair value. No information on fair value is presented when the carrying amount corresponds to a reasonable approximation of the fair value.

Accounting estimates

The preparation of financial statements, in accordance with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

Financial assets and liabilities

The Organization has chosen to apply the recommendations of Section 3861, "Financial Instruments – Disclosure and Presentation," of the Canadian Institute of Chartered Accountants' Handbook with respect to the presentation and disclosure of financial instruments.

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value. Transaction costs from held-for-trading financial assets and liabilities are recognized in earnings and presented under "Investment management and custodial fees." Regular-way purchases or disposals of financial assets are recognized at the transaction date. Subsequently, financial assets and liabilities are measured and recognized as follows:

Held-for-trading financial assets

Cash is recognized as held for trading and interest and dividends receivable and accounts receivable on disposal of investments are designated by the Organization as held for trading. They are measured at their fair value and changes in fair value are recognized in earnings. Changes in fair value that are recognized in earnings include interest and dividend income, exchange gains or losses, and realized and unrealized gains or losses, and are presented under "Net investment income." The fair value of investments in shares and fund units is based on the current bid price and the fair value of investments in bonds is based according to the rate of return that reflects corresponding market conditions.

Upon initial recognition, the Organization designates some financial assets as held for trading, because it considers that the financial information generated by this classification is more relevant for decision-making and provides a better means for evaluating the Organization's performance.

Loans and receivables

Trade accounts included in the accounts receivable are classified as loans and receivables, and they are measured at amortized cost, which is generally the initially recognized amount less any allowance for doubtful accounts.

Other financial liabilities

Accounts payable and accrued liabilities are classified as other financial liabilities and are measured at amortized cost.

Revenue recognition

Contributions

The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are reported as direct increases in net assets.

Advertising and publication revenue

Advertising and publication revenue is recognized once there is an agreement between the parties, the price is fixed or determinable and collection is reasonably assured.

In addition to the general principles described above, the Organization applies the following specific principles:

- Advertising revenue is recognized on a straight-line basis over the duration of the contract, once advertising is edited;
- Revenue from publications is recognized on a straight-line basis over the duration of subscriptions;
- Other revenue is recognized when it is earned.

Investment income

Investment transactions are recorded on the settlement date, and resulting income is recognized using the accrual method of accounting. Interest income is recognized based on the number of days the investment was held during the year. Dividends are recognized as of the ex-dividend date.
Gains or losses on the disposal of investments are determined using the average cost method. Transaction costs related to the acquisition or disposal of investments are included in the cost of investments or treated as a reduction of the proceeds on the disposal of investments.

Capital assets

Capital assets are recorded at cost less accumulated amortization and are amortized over their estimated useful lives according to the straight-line method and the following annual rates and period:

	Rates and period
Computer equipment	33%
Office equipment	20%
Leasehold improvements	Length of the lease

Foreign currency translation

Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenue and expenses in foreign currency are translated at the average rate in effect during the year, with the exception of expenses relating to nonmonetary assets and liabilities, which are translated at the historical rate. Gains and losses are included in the earnings for the year. Exchange gains or losses on held-for-trading financial instruments are included in net investment income presented in the statement of earnings.

3 - RESTRICTIONS ON NET ASSETS

The net assets restricted for the financing of operating activities, and subject to internally imposed restrictions by the Board of Directors, must be maintained to finance the Organization's operating activities.

4 - TRANSFER

	2012	2011
	$	$
Amount obtained from the formula of endowment spending	**1,841**	1,857
Net investment income	**(66)**	3,556
Investment management and custodial fees	**(185)**	(213)
Investment income, net of investment management and custodial fees (a)	**(251)**	3,343
Transfer	**2,092**	(1,486)

To finance the operating activities of the Organization, the Board of Directors authorizes an annual transfer of resources from restricted net assets to unrestricted net assets. This transfer of resources is determined using a formula approved by the Board of Directors.
(a) The decrease in value in the restricted account and the offsetting amount that is unrestricted include the unrealized gain during the year on the assets in the restricted account.

5 - INFORMATION INCLUDED IN CASH FLOWS

The changes in working capital items are detailed as follows:

	2012	2011
	$	$
Accounts receivable	**30**	131
Prepaid expenses	**(9)**	13
Accounts payable and accrued liabilities	**(17)**	(153)
Subscription and advertising revenue collected in advance	**3**	(45)
Deferred contributions	**38**	
	45	(54)

6 - ACCOUNTS RECEIVABLE

	2012	2011
	$	$
Trade accounts	**40**	25
Accounts receivable on disposal of investments		62
Goods and services tax and Quebec sales tax	**45**	62
Interest and dividends receivable	**129**	95
	214	244

7 - INVESTMENTS

	2012	2011
	$	$
Mutual fund units		
Money market	**157**	111
Bonds		6,880
Shares	**16,953**	11,379
	17,110	18,370
Bonds		
Federal government, 1.5% to 4.8% (1% to 4% in 2011), maturing on different dates from June 2012 to December 2044	**2,650**	2,997
Provincial government, 3.25% to 8.5% (4.25% to 10.25% in 2011), maturing on different dates from August 2013 to June 2042	**195**	469
Corporations, 3.3% to 12.2% (3.05% to 12.2% in 2011), maturing on different dates from June 2012 to November 2050	**3,612**	3,290
	6,457	6,756
Canadian shares		
Metals and minerals	**206**	153
Gold and valuable metals	**143**	253
Oil and gas	**1,327**	2,042
Industrial products	**373**	112
Biotechnology and pharmaceutical	**110**	100
Real estate	**54**	52
Transportation and environmental services	**258**	245
Utilities	**253**	217
Communications and media	**468**	530
Merchandising	**363**	328
Financial services	**3,494**	3,787
	7,049	7,819
Foreign shares		
Autos and transportation	**125**	
Consumer discretionary	**565**	562
Consumer staples	**181**	157
Financial services	**358**	366
Health care	**223**	258
Integrated oil company	**85**	181
Materials and processing		76
Other energy	**353**	272
Producer durables	**183**	170
Technology	**539**	588
Utilities	**603**	537
Communications and media	**107**	155
Other	**291**	282
	3,613	3,604
	34,229	36,549

8 - CAPITAL ASSETS

2012	Cost	Accumulated amortization	Net
	$	$	$
Computer equipment	374	361	13
Office equipment	136	126	10
Asset under capital lease (a)			
Office equipment	13	2	11
	523	489	34

2011	Cost	Accumulated amortization	Net
	$	$	$
Computer equipment	374	352	22
Office equipment	125	123	2
Leasehold improvements	16	16	
	515	491	24

(a) During the year, the Organization acquired office equipment for a total cost of $13 by way of capital lease.

9 - LINE OF CREDIT

The line of credit, for an authorized amount of $500, is unsecured, bears interest at prime rate plus 1% (1% in 2011) and is renegotiable in September 2012. The line of credit was not used as at March 31, 2012 and 2011.

10 - DEFERRED CONTRIBUTIONS

	2012	2011
	$	$
Fourth Decade Fund		
Balance, beginning of year	108	108
Amount received relating to the following years	38	
Balance, end of year	146	108

The Fourth Decade Fund represents amounts received and restricted for purposes specified by the president.

11 - OBLIGATION UNDER A CAPITAL LEASE

	2012	2011
	$	$
Obligation under a capital lease for office equipment, 10.4%, expiring in February 2017	11	
Current portion	2	
	9	–

The lease payments under the capital lease for the next five years and the balance of the obligation are as follows:

	$
	Years ending March 31
2013	3
2014	3
2015	3
2016	3
2017	2
Total lease payments	14
Interest expense included in lease payments	3
Balance of the obligation	11

12 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS

Financial risk management objectives and policies

The Organization is exposed to various financial risks resulting from both its operating and investing activities. The Organization's management manages financial risks.

The Organization does not enter into financial instrument agreements, including derivative financial instruments, for speculative purposes.

Financial risks

The Organization's main financial risk exposure and its financial risk management policies are as follows:

Interest rate risk

Mutual fund units and bonds bear interest at a fixed rate and the Organization is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

The Organization does not use derivative financial instruments to reduce its interest rate risk exposure.

Credit risk

Generally, the carrying amount on the balance sheet of the Organization's financial assets exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk.

- Trade accounts receivable:
  The Organization's credit risk is attributable to its trade accounts receivable. The Organization does not require a guarantee from its customers. Trade account receivable balances are managed and analyzed on an ongoing basis and, accordingly, the Organization's exposure to doubtful accounts is not significant;
- Investments in bonds and mutual fund units:
  The bonds and mutual fund units balances are managed and analyzed quarterly to detect any impairment. As at March 31, 2012, management considers that the Organization's credit risk with respect to these financial assets is low and, accordingly, no allowance for losses has been recorded.

As at March 31, 2012, cash is held by a reputable financial institution.

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Organization has financing sources such as bank loans for a sufficient authorized amount. The Organization establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations.

Other price risk

Other price risk is the risk that the fair value of net assets fluctuates as a result of changes in market prices. The Organization is exposed to other price risk as a result of investments.

Foreign exchange risk

The Organization is exposed to foreign exchange risk due to cash and investments denominated in U.S. dollars. As at March 31, 2012, assets denominated in U.S. dollars consisting of cash and investments totalled US$11,354 (US$3,711 as at March 31, 2011).

The Organization does not enter into arrangements to hedge its foreign exchange risk.

13 - CAPITAL MANAGEMENT

The Organization defines its capital as its net assets, and its capital management objectives are as follows:

- To maintain its ability to continue as a going concern;
- To fulfil its financial obligations.

The Organization manages its capital primarily through investment revenues and the sale of advertising and publications.

To maintain or adjust its capital structure, it may be necessary to adjust the estimates for the expenses of some activities.

The Organization is not subject, under outside rules, to capital requirements.

14 - COMMITMENTS

The Organization has entered into long-term lease agreements and a service contract expiring by 2022, which call for payments of $787 for the rental of equipment and office space and services. Minimum lease payments for the next years are $81 in 2013, $83 in 2014, $80 in 2015, $79 in 2016 and $464 in 2017 and the following years.

	2012	2011
	$	$
Net investment income		
Interest revenues	**430**	621
Dividend revenues	**694**	598
Gain (loss) on disposal of investments	**(1,520)**	214
Changes in fair value of financial assets designated by the Organization as held for trading	**330**	2,123
	(66)	3,556

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